C21-16-1

BETHESDA, MD 20814
4520 EAST-WEST HWY
CIS
STATISTICAL REF INDEX
PH JUN 02792 J 03
#IDE32S52S2S1491495# 0118
#8X8MGCN ****** 5-DIGIT 20814

THE CHRONICLE OF PHILANTHROPY®

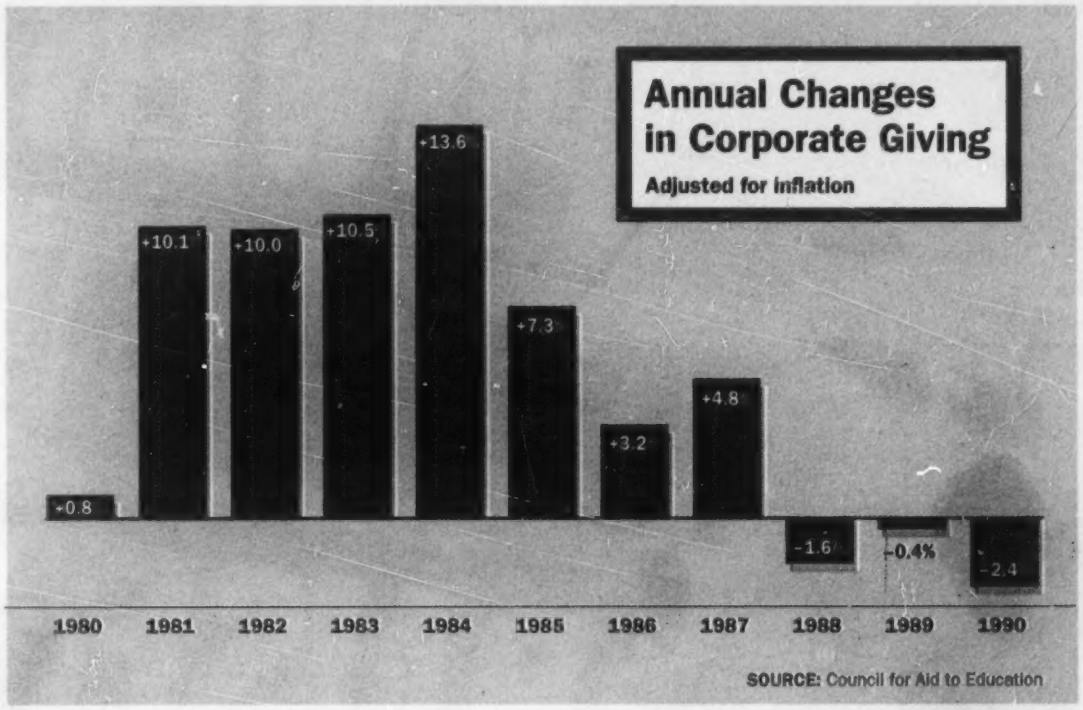
ISSN 1040-676x • Copyright © 1991 by The Chronicle of Philanthropy

The Newspaper of the Non-Profit World

Vol. IV, No. 1 • October 22, 1991 • $2.75

CORPORATE GIVING: STILL STALLED

Inflation outpaced company gifts for the third straight year; little change is expected for 1991; school donations show big gains



By JENNIFER MOORE

CORPORATE GIFTS to charitable causes rose by 2.4 per cent in 1990, the third year in a row that donations failed to keep pace with inflation, according to the Council for Aid to Education.

Businesses increased their contributions to charities of all kinds from $5.86-billion in 1989 to $6-billion last year, the council said. Last year's inflation rate was 5.4 per cent, according to the U.S. Department of Labor.

The estimates for total corporate giving in 1990 were based on the results of a survey of 339 companies conducted by the council and the Conference Board. The participating companies reported total donations of $1.9-billion last year.

David R. Morgan, the council's vice-president for research, said the small growth in corporate donations over the past few years was a natural progression from the double-digit increases in the early 1980's. He predicted that giving in 1991 would probably repeat the pattern of little or no growth.

"If you look over the long haul, philanthropy in general follows the gross national product, so until the economy grows, I don't see contributions doing a lot," he said. "If corporate contributions can keep pace with inflation for however long it takes to get the economy moving forward, that would be an achievement."

2% Growth 'May Look Discouraging' to Charities

Peter B. Goldberg, president of the Prudential Foundation, said that given the state of the economy, corporations had done well simply to keep their giving steady. But he added: "Obviously non-profits are facing significant financial needs. If we look through their eyes, a 2-per-cent growth may look discouraging, and we have to be sensitive to that."

The largest share of last year's corporate contributions—$2.4-billion, or 40 per cent—went to education.

While the council does not estimate an overall figure to show how much was given to other types of non-profits, the companies surveyed by the council gave 30.2 per cent of their contributions to health and human-service groups, 13.1 per cent to arts and cultural organizations, 12.6 per cent to civic and community groups, and 3.1 per cent to groups classified as "other," which included support of patriotic activities and special events, such as the Olympics.

The share of pre-tax income that companies gave to charity rose slightly, even though corporate profits lagged. Companies donated 1.96 per cent of their pre-tax income, an increase from 1.91 per cent in 1989. Businesses had pre-tax income of $305-billion last year, compared to $308-billion in 1989.

More corporate gifts were in cash in 1990 than in 1989. Cash contributions made up 88.5 per cent of total donations by companies participating in the survey, compared to 84 per cent in 1989. Company products accounted for 9 per cent of last year's donations, while 2.5 per cent was given in the form of other non-cash gifts.

Corporations are more generous than you think. My View: Page 36.

The council's estimates showed a substantial increase in gifts for elementary and secondary education, reflecting recent interest by corporations in public-school reform and continuing a pattern of the last several years. Corporate donations for pre-college education have more than doubled since 1986, compared to a 17-per-cent increase in overall corporate giving.

In 1990, donations for pre-college education rose

Continued on Page 10

Index	
Annual Reports of Non-Profits	35
Books	35
Coming Events	39-46
Deadlines	46
Directory of Services	41-43
The Face of Philanthropy	4-5
Foundation Annual Reports	16
Fund Raising	20-27
Giving	6-19
Grants	14-18
Ideas	24
Letters & Opinion	36-38
Managing	28-35
My View	36-37
News in Brief	8-9, 24
People	33-34
Press Clippings	34
Professional Opportunities	47-51

© 1991 DARLENE HINGLE OLIVO, FOR THE CHRONICLE

Property From Failed Thrifts
Lorraine Prevost (*above*) works with a New Orleans non-profit that is one of many that have obtained property once owned by failed savings and loans and turned it to charitable uses. Story on Page 29.

Tax-Break Extension Unlikely
A special one-year tax break for gifts of some kinds of appreciated property has produced an expected boom in gifts of art. But the provision appears unlikely to be extended this year. Story on Page 21.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader — Volume IV, Number 1

About Fund Raising

20 Controversial fund-raising techniques can often get charities in trouble with environmentalists, women's groups, and animal-rights advocates.

21 A one-year tax break has produced the expected bonanza in gifts of art by wealthy people, but chances that the provision will be extended this year are slim.

22 Congress approved an increase in non-profit third-class postal rates for pieces larger than letters. No date has been set for the increase.

23 Increased efforts to get planned gifts, and better management of those funds, may be the best way for charities to cope with difficult times, some fund raisers say.

24 The National Easter Seal Society and the American Lung Association have settled their court battle over trademarks.

24 Street beggars are entitled to the same constitutional protections as fund raisers, a federal judge in San Francisco has ruled.

24 A Utah county is being sued for refusing to let a non–United Way federation of charities solicit donations from employees.

24 The American Society for the Prevention of Cruelty to Animals is raising money and gaining increased visibility with special checks (Ideas).

24 Officials of four corporations skipped their usual dinner to celebrate the issuing of a bond and gave the money to charity (Ideas).

36 Congress and the Internal Revenue Service should take action to end deceptive direct-mail fund raising, says commentator Denison Hatch (My View).

22 Update on campaigns for endowments and capital improvements.

23 Interest rates for planned gifts issued by the Internal Revenue Service.

About Foundations

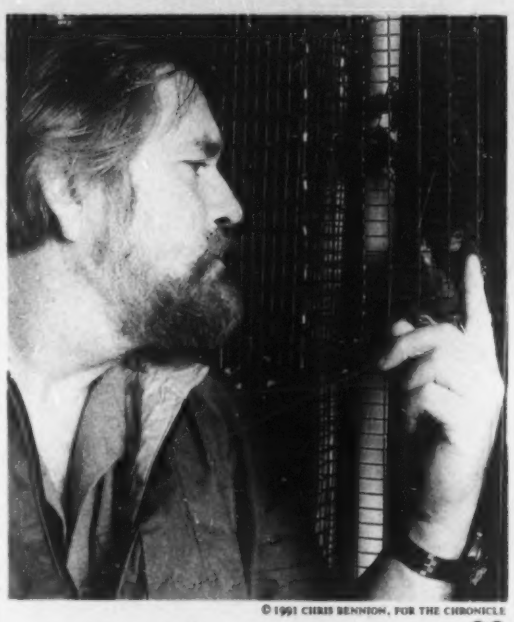
7 Some foundations are looking at ways to support grassroots campaigns to shift federal spending from defense to domestic needs.

12 Two groups affiliated with the Council on Foundations will move meetings out of Miami next year to protest alleged racial discrimination, but the council itself was unlikely to relocate its annual convention.

22 United Way of America is urging its local affiliates to let community foundations manage United Way endowments. The move is seen as a continuing effort to encourage cooperation between the two types of organization.

8 Two Michigan foundations are joining forces to help non-profits in that state build endowments.

24 A Wisconsin community foundation recruited board members by putting an ad in a local newspaper (Ideas).



© 1991 CHRIS BENNION, FOR THE CHRONICLE

Federal surplus: bonanza for non-profits **28**

About International Philanthropy

12 Leaders of voluntary organizations around the world will meet next month to discuss the creation of an international coalition of non-profits and foundations.

9 Violence in Peru has prompted World Vision to shut down its operations in that country.

About Corporations

1 Corporations gave away a larger proportion of their pre-tax profits in 1990, but their donations still failed to keep pace with inflation.

12 In difficult times, companies should adopt "a more focused, strategic approach to giving," one corporate leader told the annual meeting of Independent Sector.

8 The AT&T Foundation has announced a new program to help museums both show and acquire contemporary art.

34 More companies are giving to school-reform efforts, according to a survey by *Fortune* magazine (Press Clippings).

37 U.S. corporations are more generous than most people think, says commentator Hayden Smith (Opinion).

Of Special Interest to Board Members

20 **Keeping board members apprised of plans for fund-raising events can help keep charities out of potential controversy, say officials of some groups that have dealt with the problem.**

21 **Trustees of museums have taken a leading role in writing to members of Congress to urge extension of a one-year tax break for gifts of appreciated property, but chances for victory this year appear slim.**

About Gifts and Giving

12 Leaders of philanthropy, gathered at Independent Sector's annual meeting, said they must work more closely together and with business and government to solve the nation's most pressing problems.

34 More and more wealthy people are promising youngsters to pay their college costs, says *Forbes* magazine. *Forbes* also reports on the story behind Walter Annenberg's gift of his art collection to the Metropolitan Museum of Art (Press Clippings).

8 A new $36-million education fund has been established by a 90-year-old former United Parcel Service executive whose salary was $14,000 when he retired in 1952.

24 Actress Elizabeth Taylor has started a new fund for AIDS patients but says she still supports the American Foundation for AIDS Research, of which she is national chairman.

9 William Gates, III, chairman of Microsoft Corporation, has given the University of Washington $12-million; other recent gifts.

About Managing Non-Profits

28 Surplus federal goods are proving to be a gold mine for non-profits across the country.

29 Many non-profits have obtained property once owned by failed savings and loans to use for charitable purposes.

33 The chief executive of the American Cancer Society has resigned amid reports of friction within the organization.

34 Religious organizations are becoming more sophisticated about recruiting members, says *American Demographics* magazine (Press Clippings).

32 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

About Volunteers

6 Americans are generous, but too many of them do charitable work solely because it makes them feel good, says a professor who has written a new book on compassion.

19 People volunteer for reasons that are far more complex than simple altruism, say researchers who study why Americans give their time to charitable causes.

8 Congress has allotted $80-million for two efforts to encourage volunteerism.

8 Points of Light 576 to 586 were named by the Bush Administration.

Correction

An article on the Foundation Center's new yearbook on giving trends (October 8) gave an incorrect figure for the number of new foundations established in the 1980's. Some 6,000 foundations were probably created in the last decade, according to the center.

The Chronicle of Philanthropy (ISSN 1040-676X) is published biweekly except the last two weeks in August and the last two weeks in December at 1255 Twenty-Third Street, N.W., Washington, D.C. 20037. Subscription rate: $57.50 per year. Second-class postage paid at Washington, D.C., and at additional mailing offices. POSTMASTER: Send address changes to The Chronicle of Philanthropy, P.O. Box 1989, Marion, Ohio 43305. Member, Audit Bureau of Circulations.

Corporate Giving Still Stalled: Inflation Outpaced Company Gifts for Third Year

Continued from Page 1

12.3 per cent, to $264-million, compared to a 2.3-per-cent increase for higher education, which received $1.7-billion. The increase came partly at the expense of giving to other education programs, which dropped 3.3 per cent, to $408-million.

Those changes did not cause much of a shift in the overall distribution of education donations in the council's estimates, however. Colleges and universities received 72 per cent, the same share they had received since 1985. Elementary and secondary education had the smallest share, 11 per cent, although that was a one-percentage-point increase over 1989. The remaining 17 per cent went to other education programs, which include education-related organizations and scholarships and fellowships.

The 326 companies in the council's survey that reported gifts to education gave a somewhat different distribution: 78.1 per cent to higher education, 10.8 per cent to pre-college education, and 11.1 per cent to other education programs.

New Formula

The council used a new formula for estimating the amount of money that corporations donated in 1990. Rather than simply adopting the Internal Revenue Service's method of tracking corporate donations, as it did previously, the council also counted gifts left out of the IRS reports: Money that corporations gave away through their private foundations, excluding money transferred from a corporation to its foundation to build up an endowment.

The council adopted the new approach because it believed that using the IRS figures made it difficult to estimate precisely how much money was being distributed to non-profit organizations in a particular year. What's more, the new formula is intended to make sure that money pledged in one year but actually paid out in the following year is counted in the year it was actually spent, according to Mr. Morgan.

With the new formula, the council's estimates for giving over the past two decades sometimes differ widely from the IRS numbers. In most years since 1980 the council's numbers are higher, but they are lower in earlier years, especially in the 1970's, when companies with high profits transferred large sums to their foundations as reserves for future contributions.

The council predicted that if the IRS's statistical methods had been used to calculate giving, corporate philanthropy in 1990 probably would show no growth from the previous year, holding steady at $5.1-billion. (The actual IRS numbers for 1990 will not be released for at least two years.)

$900-Million Difference

However, the council said that with its new approach, total contributions last year would exceed the expected IRS figure by $900-million. The council predicted that the IRS would leave out $400-million in grants given out through corporate foundations and $500-million from other sources not reported by the IRS.

IBM Leads Giving

In a separate report on corporate contributions by the Taft Group, International Business Machines Corporation continued to tower over other corporate donors, giving $148-million last year. IBM's 9.6-per-cent increase in giving last year provided an even greater gap between it and the second-largest corporate donor, the Hewlett-Packard Company, which gave $76.5-million.

Two new corporations joined the list of the top 10: Philip Morris Companies became the seventh-largest donor with $46.3-million and Johnson & Johnson moved into ninth place with $41.1-million.

Copies of the 1992 edition of the *Corporate Giving Directory* can be ordered for $327 each by calling Taft at (800) 877-8238.

Copies of "Corporate Support of Education, 1990" will be available at the end of next month for $10 each, paid in advance, from the Council for Aid to Education, 51 Madison Avenue, Suite 2200, New York 10010.

Top Company Givers

(dollar figures in millions)

IBM	$148.0
Hewlett-Packard	76.5
General Motors	65.5
AT&T	56.0
Exxon	54.8
General Electric	48.4
Philip Morris	46.3
Ford Motor	44.0
Johnson & Johnson	41.1
Digital Equipment	37.0
Procter & Gamble	36.0
RJR Nabisco	35.0
Du Pont	33.2
3M	32.8
Dayton Hudson	30.7
Merck	28.4
Texaco	30.1
ARCO	26.2
Chevron	25.8
US WEST	25.3

SOURCE: The Taft Group

Corporate Philanthropy in 1990

National Trends

Year	Contributions to all causes: Reported to IRS	Contributions to all causes: Estimated total contribution	Contributions to all causes: Percentage of pre-tax net income	Contributions to education: Total	Contributions to education: Percentage of pre-tax net income	Contributions to education: Percentage of total contribution	Percentage distribution: Higher education	Percentage distribution: Pre-college education	Percentage distribution: Education-related organizations
1980	$2,359,000,000	$2,172,000,000	0.92%	$825,000,000	0.35%	38%	69%	4%	27%
1981	2,514,000,000	2,668,000,000	1.18	1,014,000,000	0.45	38	69	4	27
1982	2,906,000,000	3,188,000,000	1.88	1,243,000,000	0.73	39	69	4	27
1983	3,627,000,000	3,674,000,000	1.77	1,396,000,000	0.67	38	70	5	26
1984	4,057,000,000	4,325,000,000	1.80	1,643,000,000	0.68	38	71	5	24
1985	4,472,000,000	4,819,000,000	2.15	1,880,000,000	0.84	39	72	6	22
1986	5,180,000,000	5,119,000,000	2.31	2,048,000,000	0.92	40	72	6	22
1987	4,980,000,000	5,490,000,000	1.99	2,141,000,000	0.78	39	72	7	21
1988	4,893,000,000	5,625,000,000	1.78	2,194,000,000	0.69	39	72	9	19
1989*	5,100,000,000	5,864,000,000	1.91	2,345,000,000	0.76	40	72	10	18
1990*	5,100,000,000	6,001,000,000	1.96	2,400,000,000	0.79	40	72	11	17

Where Corporate Contributions Go

(dollar figures in millions)

	1986 370 companies		1987 325 companies		1988 356 companies		1989 333 companies		1990 339 companies	
Education	$718.0	42.9%	$610.1	36.8%	$615.1	38.2%	$705.3	41.3%	$773.4	41.0%
Health and human services	468.6	28.0	450.5	27.2	480.9	29.9	480.2	28.1	569.7	30.2
Culture and art	198.8	11.9	178.6	10.8	183.7	11.4	203.1	11.9	248.2	13.1
Civic and community activities	220.5	13.2	236.1	14.2	212.7	13.2	255.7	15.0	238.2	12.6
Other	68.1	4.1	182.9	11.0	116.1	7.2	64.0	3.7	58.4	3.1
Total allocated	**1,674.0**		**1,658.2**		**1,608.4**		**1,708.3**		**1,887.8**	
Unallocated	**0**		**0**		**37.3**		**111.8**		**203.7**	
Grand total	**$1,674.0**		**$1,658.2**		**$1,645.7**		**$1,820.1**		**$2,091.5**	

Notes: Totals may not add due to rounding.
A single $90-million property gift to Other inflates Other's Percentage of Grand Total in 1987.

Corporate Support of Education by Purpose

	1990 326 companies: Amount	1990 326 companies: % of total
Colleges and universities		
Unrestricted operating, capital, departmental, research, student-aid grants, and grants via consortia	$306,270,000	56.2%
Matching gifts	119,344,000	21.9
Total colleges and universities	425,614,000	78.1
Pre-college education		
Public and private school support and other	50,609,000	9.3
Matching gifts	8,381,000	1.5
Total pre-college education	58,990,000	10.8
Other educational programs		
Education-related organizations	32,671,000	6.0
Scholarships and fellowships	27,915,000	5.1
Total other educational programs	60,586,000	11.1
Total allocated	**$545,190,000**	
Total unallocated	**$228,155,000**	
Grand total	**$773,345,000**	

What Companies Give

Total Contributions (dollar figures in millions)

	1989 Amount	1989 % of total	1990 Amount	1990 % of total
Cash	$1,456.6	84.0%	$1,830.7	88.5%
Securities	11.4	0.7	0.3	0.0
Company products	176.1	10.2	186.8	9.0
Other property	89.7	5.2	51.7	2.5
Total	**$1,733.9**		**$2,069.6**	

SOURCE: Council for Aid to Education

United Way to Urge That Community Foundations Manage Endowments of Local Affiliates

By JENNIFER MOORE

INDIANAPOLIS

In the most visible sign to date that United Ways and community foundations want to cooperate rather than compete, United Way of America plans to recommend that local United Ways allow community foundations to manage United Way endowments.

As United Ways have become more active in soliciting big gifts to build endowments and community foundations have multiplied and expanded their fund-raising efforts, the potential for competition between the two types of organizations has intensified. Both raise money in specific geographic areas. In the past, United Ways sought donations mainly for immediate local needs, while community foundations raised money to develop endowments and often manage many different endowed funds.

Better Use of Resources

United Way of America expects to send information on the recommendation to its members this month. Over 60 United Ways already allow community foundations to manage at least part of their endowments.

Ronald A. Brown, director of planned giving and endowments for United Way of America, said the recommendation was made to encourage better use of limited resources. He said that allowing community foundations to manage United Way endowments would offer several benefits, including:

► Making it possible to bring in more planned gifts—contributions that provide tax or financial benefits to donors—from people who feel more comfortable having their money managed by a community foundation. Many donors do not perceive United Way as an experienced manager of such gifts.

► Preventing a United Way from using the principal from its endowment to make up for low donations during an annual campaign.

► Removing endowment money from a United Way's balance sheet, thus preventing criticism that it is "sitting on the money" rather than spending it all on needed services.

► Providing a better return on investments, since community foundations often have more expertise in managing money and have a larger pool of money to invest than do United Ways.

► Paving the way for other cooperative activities, such as fund-raising programs and joint projects, between United Ways and community foundations.

The United Way recommendation resulted from a meeting of a committee of community-foundation officials and United Way leaders convened by the Council on Foundations. The plans developed at that meeting were presented at the annual meeting of community foundations, held here this month.

The committee has decided to begin a drive to educate more people on the benefits of planned giving. The drive will employ publications, courses, and even cooperative fund-raising appeals.

"It's often possible for people who just would not otherwise know how to plan their estate well, or plan their retirement, to save a significant amount on taxes through the vehicle of charitable gifts," said Mr. Brown. "It's my conviction that this possibility will be much more successful if we approach it in the spirit of partnership with community foundations."

The committee has also agreed to be available to mediate disputes between local United Ways and community foundations.

Similarities Cause Problems

In many cities across the country, United Ways and community foundations have a long history of working together. Many have board members in common, and United Ways have been responsible for helping some community foundations get started.

The likenesses between the two groups, however, have also helped fuel the competition.

"Our similarities do at times create conflict, especially when our more subtle distinctions become blurred or are misunderstood by each other's supporters," said Neil M. Belenky, president of the United Way of Greater Greensboro, N.C., and a member of the joint committee.

While United Ways in some cities have been raising money for endowments since the 1920's, most have turned their attention toward planned giving and building an endowment only in the past few years. More United Ways are also exploring ways to offer donors a greater say in determining which charities receive their money, another move that concerns community foundations, which allow contributors to earmark money for particular causes.

Some community foundations also fear that when United Ways offer donors the ability to direct their contributions, many non-profits that have traditionally received a large share of United Way aid will no longer get as much, and might ask community foundations for more help.

Changes in Attitudes

Mr. Belenky said changes in attitudes toward giving have driven changes at United Ways. "The 1990's continue to be an era of rapid decentralization and of general citizen mistrust of their institutions," he said. "It is an era in which donors increasingly view themselves as consumers, wanting and demanding more control in directing their contributions, the number of charities continues to proliferate, and intense competition builds for charitable dollars.

"No organization feels this more dramatically than United Ways, as growing numbers of non-profits target high-net-worth donors and our traditional domain, the workplace."

Those changes have made community foundations nervous.

"The recent, conscious decision of the United Way movement to proceed with endowment-building programs across the U.S. is the No. 1 concern that brings community foundations to the table for dialogue with the United Way," said Paul Verret, president of the St. Paul Foundation and chairman of the joint committee. "They are now active players in a market that we naïvely thought was our own."

Officials of both United Ways and community foundations all agree that they need to work together. Said Mr. Belenky: "If United Ways and foundations are both committed to each other's prosperity, they will work through those issues that hurt each other and try to come up with solutions."

Grant Williams contributed to this article.

United Way Endowments of Over $1 Million

Providence, R.I.*	$55,000,000	Dallas*	$2,018,849
Rochester, N.Y.	45,752,659	Portland, Ore.	2,004,311
Toledo, Ohio	18,548,918	New Orleans*	2,000,000
Chattanooga, Tenn.	11,493,232	Kansas City, Mo.*	1,926,043
Philadelphia	11,419,401	Minneapolis*	1,866,122
Lehigh Valley, Pa.	8,577,660	Duluth, Minn.*	1,765,103
Binghamton, N.Y.	8,404,050	New York*	1,702,794
Baltimore*	8,020,000	Des Moines	1,700,000
Dayton, Ohio*	7,844,859	Cleveland*	1,500,000
Harrisburg, Pa.*	7,443,721	Grand Rapids, Mich.	1,491,105
Santa Barbara, Cal.	7,439,190	Hartford, Conn.*	1,483,000
Cincinnati	6,529,381	White Plains, N.Y.	1,476,422
Detroit*	5,592,923	Racine, Wis.	1,450,000
Clearwater, Fla.	3,571,240	Canton, Ohio	1,395,000
St. Paul*	3,375,013	Las Vegas, Nev.*	1,236,487
Sarasota, Fla.	2,432,400	Monmouth, Ill.	1,221,395
Boston	2,402,182	Seattle*	1,187,759
Knoxville, Tenn.	2,373,882	Fort Lauderdale, Fla.	1,119,985
Birmingham, Ala.	2,298,342	Richmond*	1,059,000
Atlanta*	2,243,000	Pittsburgh	1,054,000
San Francisco	2,225,024	Wilkes-Barre, Pa.	1,002,991

* Portion of endowment is held by local community foundation.

Note: Totals are as of December 1990.

SOURCE: United Way of America

Congress Passes Increase in Rates for Mailing Non-Profit 'Flats'

WASHINGTON

Non-profits would have to pay more to send "flats"—mail pieces that are larger than letters—under a bill passed by Congress this month.

The bill, which would increase the cost of mailing each third-class non-profit flat by 2.2 cents, on average, is virtually certain to be signed into law by President Bush.

Congress voted to provide $470-million to the Postal Service to subsidize non-profit mail. The increase in the rate for flats was approved because that amount fell far short of the $649-million that the Postal Service had said was needed to keep non-profit postage rate from rising in fiscal 1992, which began October 1.

The bill stipulates that postage rates for flats would be the only non-profit rates to be raised in 1992, but did not rule out further increases after that. Postal officials have expressed doubts that the new rates for flats will generate enough money to keep non-profit rates stable after 1992.

Non-profits can mail their flats by the piece or by the pound. According to postal officials, the per-piece rate would increase from the current rate of 12.5 cents to 14.6 cents. When mailed by the pound, the rate would rise from 34.1 cents to 39.8 cents per pound, plus an additional per-piece charge of 6.3 cents, up from 5.4 cents.

Postal officials could not say for sure when the new rates for non-profit flats were likely to take effect, but they noted that November 10 was the earliest possible date.

—HOLLY HALL

The Partners and Associates of
AST/BRYANT
Consultants in Executive Search
Extend Congratulations and Best Wishes to the
United States Equestrian Team, Inc.
and
Ms. Deborah W. Taylor
On Her Appointment as the
Director of Development
United States Equestrian Team, Inc.
Gladstone, New Jersey

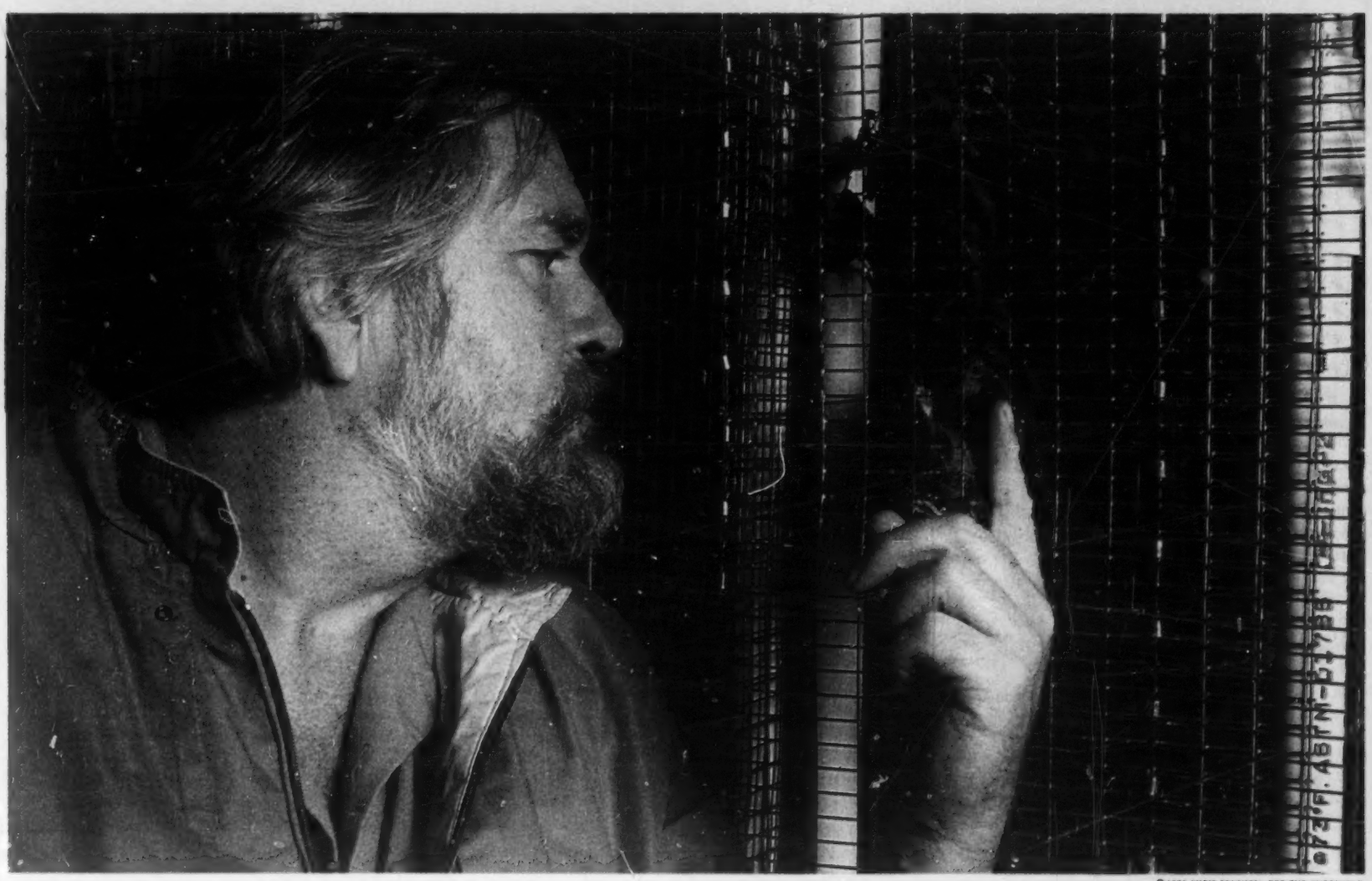
Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
California State University at Sacramento, School of Engineering and Computer Science	Jan. 1989	Oct. 1990	$5,000,000	$5,500,000
Clarkson University (N.Y.)	Oct. 1989	June 1993	41,500,000	43,500,000
Dartmouth College (N.H.)	Oct. 1991	Oct. 1996	425,000,000	128,000,000
Episcopal Academy (Pa.)	Sept. 1990	Sept. 1993	6,400,000	3,600,000
Gettysburg College (Pa.)	Sept. 1991	1994	75,000,000	50,000,000
Glendale Adventist Medical Center (Cal.)	Feb. 1991	May 1992	3,000,000	1,050,000
Harvard Law School (Mass.)	June 1991	June 1995	150,000,000	61,000,000
Manhattan Theatre Club (N.Y.)	May 1991	1995	4,000,000	2,200,000
Pioneer Memorial Hospital (Ore.)	Mar. 1991	May 1991	1,000,000	1,125,000
Recording for the Blind (N.J.)	Oct. 1991	Oct. 1996	30,000,000	13,300,000
Rhode Island Children's Hospital	Summer 1991	Summer 1994	20,000,000	6,200,000
United Negro College Fund (N.Y.)	April 1990	1993	200,000,000	106,000,000
Wayne State University, College of Engineering (Mich.)	Sept. 1991	1992	10,000,000	5,050,000

MANAGING

Governance and Regulation



© 1991 CHRIS BENNION, FOR THE CHRONICLE

Lee Werle of Seattle's Woodland Park Zoo helped get several marmosets from the National Institutes of Health, which no longer needed the animals for research.

Federal Surplus: a Non-Profit Bonanza

The government gave away $500-million last year; charities got everything from monkeys to aircraft

By VINCE STEHLE

SEATTLE

UNCLE SAM'S LEFTOVERS are providing a bonanza for non-profits across the country.

The federal government is by far the largest donor of non-cash contributions to charities. Non-profits have received everything from office equipment and food to helicopters and monkeys, in special programs that distribute goods that the government no longer needs. Last year more than $500-million worth was given away through federal surplus programs, much of it to charities. By comparison, the total value of products donated by over 300 of the nation's leading corporations was $238.5-million last year.

Among the groups that have received donations of surplus federal goods:

► The Vietnam Veterans Workshop in Boston has received beds, food, clothing, and many other supplies that it has used to run its homeless shelter. Last year the group's New England Shelter for Homeless Veterans paid less than $4,000 for more than $50,000 worth of federal goods.

► The Maret School, a private secondary school in Washington, D.C., obtained a John Deere tractor, which it uses to maintain its athletic fields.

► Safe Harbor Boys Home, in Jacksonville, Fla., received a U.S. Coast Guard tugboat, which it has converted into a dormitory for 10 abandoned boys. "It allows us to operate in a cost-effective way," says Robbie W. Smith, executive director of the organization. "To build a building that would house 10 kids would have cost us $500,000." Instead, Safe Harbor, which has a budget of about $100,000 and is run by six volunteers, paid $5,000 for the boat.

► The Santuck (Ala.) Volunteer Fire Department turned a surplus ammunition carrier into a miniature fire truck, which it uses to promote the fire company in parades and at fund-raising events. The fire company paid $250 for the vehicle, which was worth $2,465.

► The University Museum at Indiana University of Pennsylvania got a diamond-studded dagger that had been given to then–Secretary of Defense Caspar W. Weinberger by Sultan Bin Abdul Aziz of Saudi Arabia.

In the last few years, the amount of surplus items given away by the federal government has grown sharply. In 1987, $409-million worth of federal goods were given out; last year that figure reached $513-million.

Many non-profit officials say they are counting on the donations now more than ever, because of the tight economy.

"We rely heavily on the federal surplus-property program," says Maureen Howard, executive director of the Martin Luther King Ecumenical Center, a social-service agency in Tacoma, Wash. "It makes a tremendous difference to not have to secure funds to buy office furniture, for example, diverting them from more important programs."

Last year the center received more than $30,000 worth of supplies from the federal government for $683.

Many types of non-profit organizations, but not all, are eligible to receive donations of federal property,

which is distributed through state governments. Among those that are eligible:

► Education groups, including schools, colleges, museums, public radio and television stations, and libraries.

► Public-health institutions, including clinics and hospitals.

► Organizations that serve the elderly.

► Non-profits that provide services to the homeless.

► Organizations and institutions designated by the Department of Defense as serving the interests of the armed services. Included among those organizations are the American Red Cross, Big Brothers/Big Sisters of America, the National Ski Patrol System, and the U.S. Olympic Committee.

Washington State Adept at Helping Non-Profits

Here in Washington State, the Martin Luther King Center and a wide range of other public agencies and private groups obtain leftover federal goods through the commodity-redistribution office of the state's Department of General Administration. Although other states give away more federal goods, Washington's property-distribution office is considered to be particularly effective in meeting the needs of non-profit groups. Last year the state distributed nearly $10-million worth of federal property. In the last five years, the total has exceeded $43-million.

At Seattle's Woodland Park Zoo, staff members heard through colleagues at the Smithsonian Institution's National Zoological Park in Washington that the National Institutes of Health, which conducts medical research on animals, had several pygmy marmosets—the smallest monkeys in the world—available to give away. Woodland Park Zoo officials requested the marmosets through the Washington State commodity-redistribution office, and within a few months the animals were in the zoo's collection.

"It was pretty unusual for them to have exotic animals come through the surplus-property program," says Lee Werle, mammal curator for the zoo, where the care of marmosets is a specialty. Nonetheless, "it worked just fine," says Mr. Werle, adding: "I think that because they were a living commodity, things got handled a little more quickly than normal."

The five monkeys are worth $3,500, but the zoo paid only $250 for them. State officials say that the fees charged for federal surplus products usually run between 3 and 10 per cent of the value of the goods, depending upon the cost of transportation, the condition of the goods, and several other factors.

Vocational School Gets Aircraft

Some groups have obtained extremely high-priced equipment from the government. In Tacoma, the Clover Park Vocational Technical School has received several surplus aircraft, including a Sikorsky HH-52A helicopter that had been used originally by the U.S. Coast Guard to conduct air-sea rescue missions.

"It's added considerably to our training program," says William Sollars, director of instructional programs in the transportation department at the school, which graduates more than 50 students from its aircraft-repair program each year. "It's a much more complicated machine than I could have afforded to buy for the students normally."

Clover Park, a state-run institution, this year obtained a Sabreliner jet airplane for its students. "If I had to buy it outright, it would have cost $1.5-million," says Mr. Sollars. "Instead, it cost me $10,000 and took three months to achieve the transfer. There's no way I would

Continued on Page 30

Some Holdings of Failed Savings and Loans Are Being Turned to Charitable Purposes

By HOLLY HALL

THE BIGGEST CRISIS in the history of the U.S. financial system is turning into a boon for many non-profits. As the federal government's Resolution Trust Corporation struggles to unload billions of dollars' worth of real estate seized from failed savings and loans, non-profits are acquiring some of the holdings.

Non-profits are using real estate obtained through the RTC to provide low-income housing and day care for poor families, conduct vocational training and other charitable programs, create habitats for endangered species, protect other land from development, and preserve historically significant buildings.

"If the Resolution Trust Corporation wants to get top dollar for such properties, the agency should make more of an effort to preserve their condition."

In many cases, non-profits have been able to obtain the property free or at cut-rate prices. But some charity leaders have complained that it is difficult, if not impossible, to take advantage of the RTC's programs.

Trust-corporation officials, however, say that non-profits need to improve their knowledge of complicated real-estate transactions and their ability to participate in them. They are calling on grant makers to help non-profits take advantage of the opportunity to acquire buildings and land through the bailout of savings and loans. (See story on Page 32.)

While most of the real estate going to non-profits has been in Texas, where the savings-and-loan crisis first surfaced, thousands of other properties are scattered throughout the country. RTC officials say that much more real estate will become available as thrifts' assets continue to be taken over by the agency, with no end to the crisis in sight.

Restoring a Florida Customs House

Among non-profits' dealings with the RTC:

► The Trust for Public Land, a non-profit conservation group, bought the 100-year-old Key West Customs House in Florida from the RTC for $1.1-million. The trust is holding the customs house in stewardship until the state can purchase the building, which will be turned into a museum. In the meantime, another non-profit, the Key West Arts and Historical Society, is kicking off a fund-raising drive next month to help raise the $3-million to $4-million needed to restore the building.

► The Nature Conservancy, which raises money to purchase and protect land from development, is buying 10,000 wooded acres near Austin, Tex., for $15.5-million. The land will be turned into a preserve for golden-cheeked warblers, Tooth Cave pseudoscorpions, and various plants and bugs—all of which are on the federal endangered-species list. The Nature Conservancy is also negotiating with the RTC to purchase 400 acres in coastal North Carolina. The tract includes dunes, wetlands, and some of the last remaining maritime forest areas in the country.

► Four-County Community Services, a non-profit in Laurinburg, N.C., that provides services to the homeless, purchased three houses from the RTC for $9,600. The group plans to use the houses to provide transitional shelter to three homeless families for up to 18 months. The houses need an estimated $25,000 worth of rehabilitation, but the group has persuaded businesses and local residents to donate wiring, plumbing, and other repairs, as well as furnishings.

► The RTC gave a 29-unit apartment complex and a house to the National Council of Negro Women in New Orleans. Lorraine Prevost, director of the council's Adolescent Mothers Initiative Program, says the buildings will be used for transitional housing and a day-care facility for homeless teen-age mothers and their babies. The group had hoped to open the facilities by the first of the year, but won't be able to do so because it first must raise money for unanticipated repairs to the buildings.

Non-profit officials say the RTC should do a better job of identifying and maintaining properties

Continued on Page 31

© 1991 DARLENE HINGLE OLIVO FOR THE CHRONICLE

Lorraine Prevost of the National Council of Negro Women in New Orleans is leading an effort to turn buildings donated by the Resolution Trust Corporation into a day-care center for teen-age mothers.

FLORIDA TIMES-UNION

Robbie W. Smith and Douglas Smith, of Safe Harbor Boys Home in Florida, converted this U.S. Coast Guard tugboat into a dormitory.

Many Non-Profits Find a Bonanza in Surplus Government Goods

Continued from Page 29

have been able to get these aircraft to train my students otherwise."

While some of the donated federal property is very rare, like the monkeys, or very valuable, like the aircraft, most transactions are more routine, covering ordinary commodities used by public and private social-service agencies.

Good Value for Non-Profits

The Martin Luther King Ecumenical Center in Tacoma uses federal surplus goods to meet a variety of day-to-day needs. The center, which operates emergency shelters, transitional-housing facilities, children's day-care programs, clothing-distribution programs, and many other services, regularly receives military clothing, surplus food, and even office furniture from federal offices to help cut its cost of operations.

Ms. Howard says that donated federal materials can provide good value for non-profit groups. "Usually, the military clothing is pretty good quality—the boots and the parkas and so on," she says.

When the goods are not top quality, the commodity-redistribution office is the first to say so, according to Ms. Howard. "They're pretty good about telling you if it's new and hasn't even been opened yet," she says.

In many cases, government surplus goods, especially heavy equipment and vehicles, are well-worn. But, frequently, surplus materials, including perishable foodstuffs and clothing, have never been used because government agencies ordered more than they needed.

In a crisis, surplus goods can even be obtained quickly, says Ms. Howard.

Last winter the Puget Sound area was hit with two rare arctic storms, dropping temperatures well below freezing. "We don't normally have to worry about gloves and hats for our guys, but it was frighteningly cold," she recalls.

Within a couple of days the state office provided a full range of federal surplus cold-weather gear to help the homeless survive the storm.

"They gave us all the gloves, all the wool trousers, all the coats and hats, and all the sleeping bags they had," says Ms. Howard. "In all, $7,400 worth of stuff cost us 73 bucks."

Because of the success of the federal surplus-property program,

Donations of Surplus Federal Goods

Donations by State and Region, 1990

Region 1	$17,819,808
Connecticut	2,327,553
Maine	2,675,281
Massachusetts	6,965,241
New Hampshire	2,324,390
Rhode Island	2,850,395
Vermont	676,948

Region 2	$12,478,973
New Jersey	2,309,741
New York	8,773,168
Puerto Rico	1,271,064
Virgin Islands	125,000

Region 3	$25,636,929
Delaware	666,033
Maryland	3,652,035
Pennsylvania	12,960,265
Virginia	4,507,739
West Virginia	3,850,857

Region 4	$70,786,605
Alabama	12,010,139
Florida	9,966,363
Georgia	13,420,819
Kentucky	5,504,021
Mississippi	7,751,173
North Carolina	8,038,017
South Carolina	7,521,646
Tennessee	6,574,427

Region 5	$31,950,007
Illinois	4,529,479
Indiana	951,607
Michigan	8,268,407
Minnesota	4,177,340
Ohio	3,482,752
Wisconsin	10,540,422

Region 6	$27,326,909
Iowa	2,017,079
Kansas	7,166,249
Missouri	15,604,959
Nebraska	2,538,622

Region 7	$48,755,892
Arkansas	5,452,515
Louisiana	7,639,959
New Mexico	4,375,548
Oklahoma	5,150,944
Texas	26,136,926

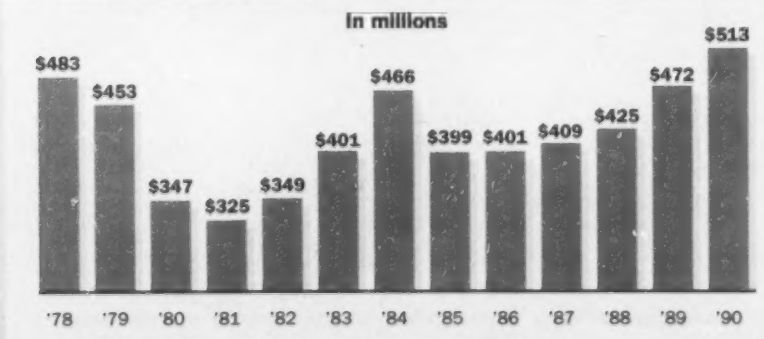
Region 8	$24,081,526
Colorado	3,424,360
Montana	1,166,775
North Dakota	3,403,990
South Dakota	5,943,616
Utah	8,663,084
Wyoming	1,459,701

Region 9	$25,226,333
Arizona	5,254,483
California	15,648,548
Hawaii	766,474
Nevada	1,399,622
American Samoa	695,844
Guam	1,126,551
N. Mariana Islands	344,811

Region 10	$40,784,050
Alaska	1,387,050
Idaho	1,905,704
Oregon	27,936,947
Washington	9,554,242

Nat'l Capital Region	$67,448
District of Columbia	67,448

Donations Year by Year



Where to Get Information

General Services Administration Regions

*Also includes Puerto Rico and the U.S. Virgin Islands

**Also includes American Samoa, Guam, and the Northern Mariana Islands

***Includes the District of Columbia, Montgomery and Prince Georges Counties in Maryland, Arlington, Fairfax, Loudon, and Prince William Counties and the cities of Alexandria and Falls Church in Virginia.

Region 1
G.S.A.
Office of Personal Property & Services
10 Causeway Street
Boston 02222
(617) 565-7326

Region 2
G.S.A.
Federal Supply Service Bureau
Room 20-112
26 Federal Plaza
New York 10278
(212) 264-3300

Region 3
G.S.A.
Federal Supply Service
Ninth and Market Streets
Philadelphia 19107
(215) 597-7000

Region 4
G.S.A.
Correspondence #4FBPS
401 West Peachtree Street
Atlanta 30365-2550
(404) 331-3058

Region 5
G.S.A.
Federal Surplus Sales
230 South Dearborn Street
Room 3430
Chicago 60604
(312) 353-6064

Region 6
G.S.A.
Property Management Branch
4400 College Boulevard
Suite 175
Overland Park, Kan. 66211
(913) 236-2500

Region 7
G.S.A.
Federal Supply Service Bureau, 7FB
819 Taylor Street
Fort Worth 76102
(817) 334-4824

Region 8
G.S.A.
Federal Supply Service Bureau
Personal Property Service, 7FBP-8
Building 41-Denver Federal Center
Denver 80225
(303) 236-7705

Region 9
G.S.A.
Property Management Branch
525 Market Street
San Francisco 94105
(415) 744-5228

Region 10
Sales, 9FBP-10F
400 15th Street, S.W.
G.S.A. Center
Auburn, Wash. 98002
(206) 931-7566

National Capital Region
G.S.A.
Federal Surplus Sales
Property Management
7th & D Streets, S.W.
Washington 20407
(202) 708-5051

SOURCE: U.S. General Services Administration

Washington State is also making some of its own surplus goods available to social-service agencies that help the homeless.

While most other states do not give away their own surplus products, all of them have offices to help groups obtain surplus federal property. And some states give away far more federal surplus than others. For example, in fiscal year 1990, Texas distributed $26-million in surplus federal goods, while Vermont gave away $677,000.

Such differences have to do with population and with the efficiency and aggressiveness of state officials in distributing surplus goods.

Could Give Away More

Some non-profit and federal officials think the government could be giving away many more used goods.

In 1990, the federal government identified $5.9-billion worth of surplus goods available for redistribution, but actually disposed of only about a quarter of it: $1-billion worth was transferred between federal agencies, and more than $500-million worth went to the states for distribution to non-profits and public agencies.

"There's a lot of room for improvement, just as there is in any government program," says Stanley M. Duda, director of the General Services Administration's property-management division. Still, he says, "The state agencies do a good job of disposing of the property."

Even so, some non-profit officials would like to see the government get more aggressive about giving away its extra products.

"This program is not something that people are made readily aware of," says Peter Marbach, development director at Unity College in Maine. "There is close to $6-billion worth of stuff that should be getting into the hands of non-profit groups that could use it, instead of just collecting dust in some warehouse."

Solar Panels for a College

Mr. Marbach learned that surplus goods were available when he obtained solar panels that had originally been placed atop the White House by President Carter. He got the idea for obtaining the solar panels, which had been removed by President Reagan, after seeing a photograph of them in a magazine. He says the panels were in a federal warehouse collecting dust instead of energy from the sun. Within three weeks of his first call to the General Services Administration, Unity College was given the panels.

Now the panels provide hot water for the college's dining room, just as they once did for the White House dining room. "Not only are they a piece of history, but they're something practical for the college, as well," says Mr. Marbach. The solar panels are particularly appropriate for Unity, he says, because it offers courses on environmental issues and natural-resources management.

"The symbolism of this is of great value," Mr. Marbach says. "It can instill in our students a sense of renewed commitment to the responsible stewardship of our resources, and it's a great form of recycling."

Charities Get Some Holdings of Failed Thrifts

Continued from Page 29

that have an environmental and historical value.

While the RTC has begun to note important environmental properties on its inventories, some historical groups say that the way the RTC lists the available properties makes it nearly impossible to tell if any are historically significant.

In addition, the groups say the corporation isn't doing enough to prevent damage to historic buildings. "If the RTC wants to get top dollar for such properties, the agency should make more of an effort to preserve their condition," says Michelle Westover, a legislative assistant at the National Trust for Historic Preservation.

The Fort Stockton Hotel in Texas, says Ms. Westover, is one historical building that was ruined when it languished for two years without a roof after being taken over by the RTC.

Stephen Allen, director of the RTC's Affordable Housing Disposition Program, says: "If we took care of every piece of property, the costs would be unbelievable."

Ms. Westover and other officials are pressing Congress to order the RTC to restrict initial bids on properties with historical and environmental value to non-profit and public agencies that agree to preserve them. Congressional aides said lawmakers are likely to consider the matter before year's end.

Most Property Used for Housing

The majority of the real estate obtained by non-profits is being used for housing. The RTC has a special program aimed at making sure that certain properties are sold or donated to groups that provide low-cost housing.

As of July, the RTC's Affordable Housing Disposition Program had sold 10,720 houses and more than 12,000 apartments in 111 developments.

Non-profits that obtain such properties must use all of the houses and at least 35 per cent of the apartment buildings for low-income housing or to provide services to poor people; the rest can be used for other purposes.

Currently, the RTC's stock of potential low-income housing for sale consists of about 21,000 single-family houses and 500 apartment buildings.

In addition, the RTC has set aside roughly 1,000 properties for donation to non-profit and public agencies that want to use the houses or apartments to provide low-income housing or services such as day care for poor and middle-income families. More than 500 of those have already been given away.

Mixed Reviews From Non-Profits

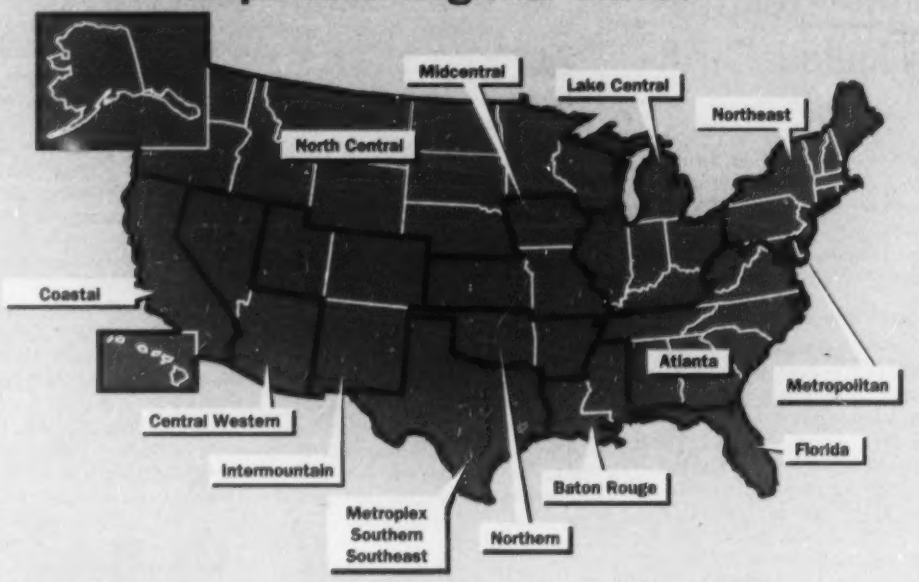
Non-profits that have purchased or received real estate for low-income housing give mixed reviews to the RTC for its handling of the transactions.

The Galveston Historical Foundation in Texas, for example, was happy to get Rainbow Row, four two-story Victorian houses built at the turn of the century. Because it would have cost the federal government $40,000 to tear down the houses, the RTC was only too glad to turn them over free to the foundation for renovation and subsequent sale to low-income families. The foundation ended up spending $200,000 on renovations, $68,000 of which came from government grants and private donations.

"It's a win-win situation," says Dee Dee Hammer, the founda-

Continued on Page 32

Housing Specialists in Resolution Trust Corporation Regional Offices



Atlanta
Dana Leach
Mary Alice Henning
Atlanta
(800) 628-4362

Baton Rouge
David Staehling
Baton Rouge, La.
(800) 477-8790

Central Western
Gloria Munoz
Edmundo Hidalgo
Phoenix
(800) 937-7782

Coastal
Annette LePique
Dan Valentino
Costa Mesa, Cal.
(800) 283-9288

Florida
Julian Garcia
Tampa, Fla.
(800) 283-1241

Intermountain
Mary Clark
Terry Allen
Denver
(800) 542-6135

Lake Central
Art Smith
Elk Grove Village, Ill.
(800) 526-7521

Metroplex
Mark Wassenich
Dallas
(800) 782-4674

Metropolitan
Kathleen Finn
Somerset, N.J.
(800) 431-0600

Midcentral
Marilyn Flook
Mark Flynn
Kansas City, Mo.
(800) 365-3342

North Central
Forrest Gillson
Egan, Minn.
(800) 873-5815

Northeast
Cheryl Walker
Norristown, Pa.
(800) 782-6326

Northern
Willie Alexander
Tulsa, Okla.
(800) 456-5382

Southeast
Laurel Powers
Houston
(800) 782-4221

Southern
Earline Jewett Wakefield
San Antonio
(800) 388-4254

SOURCE: Resolution Trust Corporation

An Exciting Opportunity

"With the help of Cargill Associates, our 'Giving Hope' campaign is providing us with the exciting opportunity of serving two or three times as many children, adults, and families in the upcoming years."

-Richard Phillips, President, Florida Baptist Family Ministries

For the past three years, Cargill Associates and Florida Baptist Family Ministries have built a strong relationship of cooperation and trust. After conducting an Internal Audit and Pre-Campaign Survey, Cargill Associates is now working with Florida Baptist Family Ministries in a very successful Campaign to raise $4 million to improve and expand services and facilities. Whatever your fund-raising needs, contact the professionals at Cargill Associates. They'll be with you every step of the way.

Cargill Associates
Fund-Raising Services
4701 Altamesa Boulevard • P.O. Box 39039 • Fort Worth, Texas 76163-0039
1-800-433-2233

THE CHRONICLE OF PHILANTHROPY

EDITOR Philip W. Semas

NEWS EDITOR Stacy Palmer

ART DIRECTOR
Sue LaLumia
SENIOR EDITOR
Anne Lowrey Bailey
SENIOR WRITERS
Kristin A. Goss, Stephen G. Greene
ASSISTANT EDITOR
Marty Michaels
STAFF WRITERS
Elizabeth Greene, Holly Hall, Bruce Millar, Jennifer Moore, Vince Stehle, Grant Williams
ART ASSOCIATE
Erica Antonelli
EDITORIAL ASSISTANT
Stacey Cramp
ASSISTANT TO THE EDITORS
Verria Neal
STUDENT ASSISTANT
Christopher R. Ott

EDITOR IN CHIEF Corbin Gwaltney

ASSOCIATE PUBLISHER, CIRCULATION
William D. Criger
SUBSCRIPTION MANAGER
Kristen Pedisich

ASSOCIATE PUBLISHER, DISPLAY ADVERTISING
Robinette D. Ross
DISPLAY ADVERTISING DIRECTOR
Donna Deaton (Washington)
NATIONAL SALES DIRECTOR
Zoë M. Dictrow (New York)
REGIONAL SALES MANAGERS
Meg M. Connolly (Minneapolis)
James G. Elliott and Layne Middleton (Los Angeles and San Francisco)
PRODUCTION MANAGER
Jeanette Zuijdijk Puranen
PRODUCTION ASSOCIATE
Lauren M. Coffman
SALES ASSISTANT
Esperanza Paredes (New York)
STUDENT ASSISTANT
Mia W. Michaux

ASSOCIATE PUBLISHER, CLASSIFIED ADVERTISING
Joyce Hackley Giusto
DIRECTOR OF OPERATIONS
Laura S. Harris
PRODUCTION MANAGER
Gwen M. Lappley
SALES COORDINATOR
Jennifer Leffler
CUSTOMER SERVICES COORDINATOR
Ann Driscoll
PRODUCTION ASSOCIATES
Mary S. Allison, Joseph Pagels, Barbara Papendorp, Rosha Peavy, Ellen Treger Wilson
ADVERTISING ASSISTANTS
Crystal Dunn, Kevin Hart, Barton Hosley, Michelle Lefferts, Jennifer Liston, Nichele McCoy

OFFICE MANAGER
Lisa Birchard
ASSISTANT OFFICE MANAGER
Angela B. Abdelrahman

EDITORIAL AND BUSINESS OFFICES
1255 Twenty-Third Street, N.W., Washington, D.C. 20037, (202) 466-1200

SUBSCRIPTIONS AND CHANGE OF ADDRESS
Post Office Box 1989, Marion, Ohio 43305
(800) 347-6969

CLASSIFIED ADVERTISING
(202) 466-1220

DISPLAY ADVERTISING SALES OFFICES
New York (212) 757-8800
Washington (202) 466-1212
Minneapolis (612) 926-5222
Los Angeles (213) 746-8800
San Francisco (415) 550-7878

The Chronicle of Philanthropy (ISSN 1040-676X) is published biweekly except the last two weeks in August and the last two weeks in December. Published by The Chronicle of Higher Education, Inc. Member, Audit Bureau of Circulations. The Chronicle of Philanthropy reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

OPINION

Commentary and Letters

How to Clean Up Direct-Mail Fund Raising

By DENISON HATCH

MANY OF THE charitable organizations that raise money through the mails are deceiving the public. Based on my analysis of the thousands of fund-raising solicitations sent out each month, I would estimate that between 25 to 40 per cent of the mailings are from groups that have different agendas from the ones they profess to have. That agenda seems to be making money for other programs and people, and not for the causes described in the mailings.

MY VIEW

A sure-fire way to clean up direct-mail solicitations is to expand the amount of information charities are required to report to the IRS on their informational tax returns.

Both Congress and the Internal Revenue Service need to take action to help eliminate irresponsible and fraudulent mailings. One sure-fire way to clean up direct-mail solicitations is to expand the amount of information charities are required to report to the IRS on their informational tax returns, known as Form 990's. In addition, the service should step up efforts to make sure charities are filling out the forms accurately. Recent studies and comments from federal and state regulators indicate that many nonprofits do a sloppy job of filling out the 990 and often leave out information they are required to provide by law. At a minimum, charities should be required to list on the 990:

► Specific details about the sources of their revenues, as well as the amount they earn by renting their mailing lists.

► The dollar amount and percentage of revenue actually spent on charitable programs. While organizations are already required to put those figures on the Form 990, they often include "informational" or "educational" activities in their calculation of how much they spend on programs. In reality, these educational or informational programs are simply fund-raising efforts that give a little information, but whose main thrust is to ask for money.

Federal law should stipulate that if more than 3 per cent of a mailing, advertisement, or telephone effort is devoted to asking for money, then the entire effort must be listed as going for fund-raising purposes only, even though some of it may impart education, information, or advocacy.

► Detailed descriptions of the charitable programs supported by contributions.

During the period when elephants were being decimated in Kenya for their ivory—and there was massive publicity about the tragedy—many wildlife groups began sending out mailings seeking donations to "save the elephants." In fact, many of these groups had no programs in place to save elephants, not even one lobbyist in Washington. The only charitable programs they ran were to "educate" people that elephants were an endangered species. Would a donor who gave money to one of these spurious charities that claimed to be saving elephants then turn around a day later and give to the African Wildlife Foundation or Wildlife Conservation International—two organizations that had staff members in the field and were on the firing line throughout Africa? It's doubtful. What was happening then was this: These fake promotions to save the elephants were stealing money away from the cause they were nominally espousing.

LETTERS

The Real Way for Philanthropy to Be Progressive

TO THE EDITOR:

In his call for a new "politics of generativity" to supplant the supposed "politics of greed and selfishness" of "the last decade," Robert Bellah ("Non-Profits and the New Progressivism," My View, September 24) argues that "a variety of public-private partnerships" combining "activist citizenship" and "an activist state" would help Americans move away from their alleged competitiveness, materialism, and "self-absorption" toward a concern for future generations, "other people, and the planet itself."

Bellah does not, however, address the incongruity of so-called "partnerships" which combine voluntary assistance and mandatory (taxpayer) financing; nor the problem of government officials whose interests often lie in expanding their political authority over such programs; nor evidence indicating that when government assumes formerly private and charitable responsibilities, self-responsibility declines and voluntarism is "crowded out."

Bellah says a generative politics would be "backed by major commitments of money and expertise . . . at the federal and state levels . . . in the service of local and regional institutions and programs." But is this "new," or basically a reiteration of the many centralized, tried-and-failed government programs of the last 25 years?

Bellah seems to imply that the economic freedom Americans enjoy leads to a relative neglect of the less-well-off and indifference to the problems we share. Yet the American experience and a comparison of different societies show that in freer societies, individuals take greater initiative to help the poor and address common concerns. Contrary to Bellah's implication, freedom and economic success dispose individuals toward generosity and concern for their communities.

Rather than collaborating with government programs that have too often proven wasteful, unresponsive, and dependency producing, grant makers should consider initiating and funding autonomous programs which more effectively respond to community concerns, more adequately meet recipients' needs, and allow volunteers to meaningfully express their charitable proclivities. Such an endeavor might also seek ways to help preserve the institutions of free enterprise and limited government that have made Americans the most prosperous and generous people in history.

That would be progressive.

DANIEL T. OLIVER
Research Associate
Capital Research Center
Washington

Gifts to Israel: 2 replies

TO THE EDITOR:

In your September 24 Press Clippings column, "'Reason': Gifts to Israel Have Little Effect," you quote several passages from Barry Chamish's article "Giving 'Til It Hurts,"